

**BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE
MONTANA STATE AUDITOR**

IN THE MATTER OF:)	Case No.: INS-2013-31
)	
JOHN HANCOCK LIFE INSURANCE)	CONSENT AGREEMENT AND FINAL
COMPANY (U.S.A.),)	ORDER
)	
Respondent.)	
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This Consent Agreement and Final Order (Agreement) is entered into by the Office of the Commissioner of Securities and Insurance, Montana State Auditor (CSI), acting pursuant to the authority of the Montana Insurance Code, Mont. Code Ann. § 33-1-101 et seq. (Code), and John Hancock Life Insurance Company (U.S.A.) (Respondent).

RECITALS

WHEREAS, in 2010, the CSI instructed Respondent to provide a separate filing for 65 long term care insureds. These insureds had policies which were issued after the effective date of Admin. R. Mont. 6.6.3124.

WHEREAS, in 2013, Respondent self-reported that it had failed to provide a second rate filing for the 65 insureds. As a result, these insureds had been given a non-approved rate increase.

WHEREAS, the CSI alleged that the Respondent violated Admin. R. Mont. 6.6.3124 by increasing rates for 65 long term care policies without approval.

NOW, THEREFORE, in consideration of the following mutual undertakings, the CSI and the Respondent enter into the following:

STIPULATIONS AND CONSENTS

1. Without admitting or denying any of the CSI's allegations, the Respondent stipulates and agrees to the following:

A. Within 30 days from the execution of this Agreement, the Respondent shall pay a fine of \$5,000. The fine must be made payable to the State Auditor and sent to the Office of the Commissioner of Securities and Insurance, Montana State Auditor, c/o Legal Bureau, 840 Helena Avenue, Helena, MT 59601.

B. The Respondent agrees to address the following three scenarios in the manner described:

- i. Where the insured accepted the rate increase, the Respondent shall refund the amount of the rate increase, plus 10 percent simple interest.
- ii. Where the insured accepted the inflation reduction landing spot or reduced coverage, the Respondent shall reverse such reduction in benefits.
- iii. In the event the insured lapsed their policy, the Respondent shall offer the lapsed policyholder the opportunity to reinstate their coverage conditioned upon payment of back premium.

The Respondent shall provide the CSI with a sample letter to address each such scenario. After issuing all of the refunds or reversal of reductions, the Respondent shall provide written verification to the CSI that the refunds or reversals have been made, along with a table summarizing which insureds were sent refunds and the amount of each refund and any reversals of benefit reductions.

C. The Respondent's 2010 un-approved rate increase shall remain in effect for 24 months following the date of execution of this Agreement. During this time, the

Respondent will not increase Long Term Care insurance premiums for the 65 long term care insureds identified herein.

2. All parties to this Agreement stipulate and agree as follows:

A. The Respondent acknowledges that its authorized representative signing this Agreement has read and understands each term of this Agreement and that it enters into this Agreement voluntarily and without reservation.

B. The Respondent and the CSI agree that this Agreement resolves the alleged violations set forth in the Recitals.

C. With respect to the Recitals, the Respondent specifically and affirmatively waives a contested case hearing and its right to appeal under the Montana Administrative Procedures Act, including Title 2, chapter 4, part 7, and elects to resolve this matter on the terms and conditions set forth therein.

D. The Respondent fully and forever releases and discharges the CSI from any and all actions, claims, causes of action, demands, or expenses for damages or injuries, whether asserted or unasserted, known or unknown, foreseen or unforeseen, arising out of the Recitals.

E. This Agreement is entered without adjudication of any issue, law, or fact. It is entered solely for the purpose of resolving the CSI's investigation and allegation and is not intended to be used for any other purpose.

F. This Agreement constitutes the entire agreement between the parties and no other promises or agreements, either express or implied, have been made by the CSI or by any member, officer, agent, or representative of the CSI to induce the Respondent to enter into this Agreement.

G. This Agreement may not be modified orally, and any subsequent modifications to this Agreement must be mutually agreed upon in writing to be effective.

H. This Agreement shall be incorporated into and made part of the attached Final Order issued by the Commissioner of Securities and Insurance, Montana State Auditor (Commissioner), herein.

I. This Agreement shall be effective upon signing of the Final Order.

J. This Agreement and Final Order are public records under Montana law and as such may not be sealed or otherwise withheld from the public.

DATED this 5th July day of June, 2013

**OFFICE OF THE COMMISSIONER OF
SECURITIES AND INSURANCE,
MONTANA STATE AUDITOR**

By: 

JAMESON C. WALKER
Attorney for the CSI

DATED this 28th day of June, 2013

**JOHN HANCOCK LIFE INSURANCE
COMPANY (U.S.A.)**

By: 

Title: Vice President

FINAL ORDER

Pursuant to the authority vested by Mont. Code Ann. §§ 2-4-603 and 33-1-101, et seq.,
and upon review of the foregoing Consent Agreement and good cause appearing,

IT IS HEREBY ORDERED that the foregoing Consent Agreement between the Office of
the Commissioner of Securities and Insurance, Montana State Auditor, and the Respondent John
Hancock Life Insurance Company (U.S.A.) is adopted as set forth fully herein.

DATED this 5th day of ~~June~~ July, 2013.

MONICA J. LINDEEN
Commissioner of Securities and Insurance
Montana State Auditor

By: 

ADAM SCHAFER
Deputy State Auditor

cc. Jameson C. Walker
John Hancock Life Insurance Company (U.S.A.)